

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – DECEMBER 20, 2001

PRESENT: Chairman John Byrne and Commissioner Anthony Maiola; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Accountant; Michael Goclowski, Law Warehouse

EXCUSED: Commissioner Patricia Russell

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Store Sales Reports:

The SA1000 report for the week ending December 16, 2001 shows retail sales were up 9.2%, on-premise sales were up .13%, off-premise sales were up almost 6.2%, and total sales were up about 7.3%. The traffic count increased by 8,262, as did the average sale by \$1.49.

The current W-I Total Weekly Sales report confirms total sales were up for the week by 7.3% or \$587,160, and also increased for the year by 5.95% or \$9,118,668. Wine sales for the week were up 9.95% or \$378,067, as they were on a yearly basis by 7.8% or \$5,337,567. Sales of spirits increased almost 6% or \$256,213, and were up year-to-date by 5.4% or \$4,653,382. Regarding Sunday sales for December 16th, the customer count was up 19%, total sales were up 25.7%, work hours were up 8.7%, and sales per work hour were up 15.6%.

B. Budget Reports:

The latest W-6 Expense Budget Activity Variance Report shows the year to be at 46.85% completed, with total agency expenditures at 47%. Class 50 and Class 60 continue to be closely monitored.

In reference to Outstanding Depletions and Post-Offs as of December 18, 2001, all brokers have paid up to date.

Work continues on the new Law contract, and Brian Law has responded on the initial draft.

The 1% budget reduction will be sent over to the Governor's Office as requested.

An estimate of \$30,715 (\$28,350 with an installation fee of \$2,265) has been received to replace the existing furniture in financial areas. This does not include filing cabinets; therefore, the existing ones will be used until money becomes available. Craig asked that permission be granted to proceed with the installation of carpeting and furniture during the weekend of March 8th. Then everything should be completed when employees arrive for work the following Monday morning.

George reported that a demonstration of the accounting package was given this week, and he has e-mailed the company to submit their best and final offer. A conference call will be held at 3:00 p.m. today to work out last minute details, and a new offer will be submitted to the Commission.

All Commission agenda items passed Governor and Council yesterday, including approval of goggles for Enforcement and the Unisys maintenance contract.

2. Budget Reports

Howard said the test run on system access which was done on Monday went very well. Stores were able to get on by 7:00 a.m. on Monday and 9:00 a.m. on Tuesday. This plan will be in place for Christmas and can be used until the system is replaced. There will be no overtime costs, but someone will be in this coming Sunday because of month end reporting, etc.

Six bids have been received for the warehouse. Howard feels Dell Equipment, which was the second lowest bidder, offers the best value, as well as outstanding support services. Final negotiations will be made to complete this contract.

II. MARKETING & SALES REPORTS

1. Store Operations:

Looking at the Sales Analysis by Location report of 12/18/01, total store sales were up about \$514,000 over the same week last year. The customer count was over 300,000. Among the stores which did very well were #58 Goffstown, #49 Plaistow, #60 West Lebanon, #2 Chesterfield, #9 Dover, #37 Lancaster and #48 Hinsdale. After visiting a group of stores yesterday, Peter remarked that he expects to see dramatic sales for the rest of the week.

Tom Smith met with management at Store #9 in Dover regarding access to the train station. There is a good size banking between the store and station and a question regarding boundaries. This will be examined further.

Peter spoke with Matt Moore at D.O.T. regarding renovations at Stores #34 Salem and #38 Portsmouth. It will cost \$30 more per hour for the architect than Public Works is willing to pay, and it might be advantageous for the Commission to find it's own architect. Chairman Byrne asked Craig to ask Purchase and Property for a list of architectural and engineering firms.

There has been a problem getting the heat regulated on weekends at Store #73 Hampton, which may be due to design. Tom Smith is working with D.O.T. on this. Also, work is continuing on the back room of that store.

Maintenance is in the process of refurbishing all wooden wine racks. Chairman Byrne suggested that this be done at the highway Hooksett stores during the first week in January, with Conway and other areas scheduled for February or March.

John Byrne inquired as to what plans are being made to let the landlord of the downtown Lebanon store know that it will be vacated. John Bunnell explained that a 30-day notice will be given by letter as soon as the beginning date for the new lease is finalized. Concerning the new store location for #27 Nashua, it appears that it will be quite a while before that store can be opened. Chairman Byrne asked that this topic be discussed again at the January 3, 2002 meeting.

Tom Smith is to get back to John Bunnell regarding determining if work done by Ameresco has been completed to the satisfaction of the Commission. Peter Engel will follow up on this issue.

2. Warehouse Report

There are no significant issues to report regarding the most recent warehouse report.

3. Purchasing Report

Out of stocks continue to be almost non-existent.

4. Merchandising Report

1) Special Value Brands:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve pricing on thirty-two (32) Special Value Brands spirits, effective January 28 through April 28, 2002, including a case cost increase on one item, as submitted by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) January Super Bowl Sale:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve twenty-six (26) spirit items to be featured during the upcoming January “Super Bowl” Sale, scheduled for the period Thursday, January 24 through Sunday, February 3, 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Test Market Result (Code #5448 – T.J. Toad Pina Colada):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission delist Code #5448, T.J. Toad Pina Colada, 1.75L size, as the product failed to earn the required gross profit during a six-month period in the test market and does not fit the description of a specialty item, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) February Special Offers (spirits):

A. 1 item (Perfecta Wine Company):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a special offer from Perfecta Wine Company, based upon depletion of one (1) spirit item, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. 3 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from Pine State Trading Company, based upon depletions of three (3) spirit items, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

C. 1 item – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a special offer, without matching funds, from Horizon Beverage Company, based upon depletion of one (1) spirit item, to be featured on sale during February 2002, as

recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

D. 46 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of forty-six (46) spirit items, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

E. 33 items – Executive Wine & Spirits/Martignetti:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon depletions of thirty-three (33) spirit items, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Special Offers for February and March (wines):

A. 2 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that special offers from United Beverages, Inc., based upon depletions of two (2) wine items, to be featured on sale during February and March 2002, be tabled pending receipt of further information regarding sales in other areas and marketing plans. The motion was unanimously adopted.

B. 18 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from Pine State Trading Company, based upon depletions of eighteen (18) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

C. 19 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from Horizon

Beverage Company, based upon depletions of nineteen (19) wine items, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated and Restricted Wines for Distribution:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve sixty (60) allocated and restricted wine items for distribution to selected stores, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted. However, Commissioner Byrne did ask that Nicole Horton, Wine Merchandising Specialist, look into ensuring that these products be available throughout the season on the wine lists of on-premise establishments.

7) Primary Source Submissions:

A. 11 items – primary source:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve the listing of eleven (11) wine codes which are from primary source, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

B. 13 items – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve the listing of thirteen (13) wine codes which are not from primary source, but are imported, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

C. 4 items – exclusive agent:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve the listing of four (4) wine codes which are not from primary source, but are offered by the exclusive marketing agent, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

8) Tabled Items:

A. Special Purchase (tabled from 12/13/01, Item #2):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that this item be removed from the table, and that the Commission approve a special offer from United Beverages, Inc., based upon the purchase of Code #1835, Knappogue Castle, 750ML size, Code #3633, Boru Vodka, 750ML size, Code #3631, Boru Trinity Pack, 3/200ML size and Code #8508, Celtic Crossing, 750ML size during the months of February and March 2002, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- B. Juarez Triple Sec (tabled from 12/13/01, Item #1-B):

This item remained on the table.

III. ENFORCEMENT & LICENSING REPORTS

No reports given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Contracts/Leases: None.
2. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that all requests for bailment releases/transfers from Thursday, December 14 through Thursday, December 20, 2001 be approved as submitted. The motion was unanimously adopted.

3. Coupon Approvals: None.
4. Late Items:

- A. Super Bowl Sale – Additional Sale Items:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve two (2) additional spirit items for inclusion in the January “Super Bowl” Sale, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- B. February Special Offer (1 spirit item – Phoenix Marketing, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a special offer from Phoenix

Marketing, Inc., based upon depletion of one (1) spirit item, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

C. February Special Offers (66 spirit items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from United Beverages, Inc., based upon depletions sixty-six (66) spirit items, to be featured on sale during February 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

D. Special Offers for February 2002 (17 wine items – Executive Wine and Spirits):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions seventeen (17) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

E. Special Offers for February 2002 (12 wine items – United Beverages):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from United Beverages, Inc., based upon depletions twelve (12) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

